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CONFIDENTIAL.

(9500.)

F.O. 423

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F.O. 423/42

FURTHER CORRESPONDENCE

RESPECTING THE

SUEZ CANAL.

[In continuation of Confidential Paper No. 9319.]

42

1908.

F.O. 4231/33

TABLE OF CONTENTS.

No.	Name.	No.	Date.	Subject.	Page
1	British Suez Canal Directors	1	Jan. 1, 1908	1907 Report. Transmits comments on, and Estimates for 1908	1
2	Treasury	..	10,	Drawn shares. Transmits for transmission to Sir H. A. Lee	3
3	To British Suez Canal Directors	1	13,	Drawn shares. Transmits inclosures in No. 2 for presentation..	3
4	British Suez Canal Directors	2	16,	Drawn shares. Refers to No. 3. Transmits bank draft for amount of	4
5	" " ..	3	Feb. 1,	"Actions de jouissance." Transmits letter from Secretary-General of Company, suggesting existing shares be not replaced, on certain conditions. Urges acceptance of proposal	4
6	" " ..	4	5,	Exemption from Egyptian duties of materials for Company. Gives statement showing cost of in 1904–1907	5
7	Treasury	..	28,	"Actions de jouissance." Refers to No. 5. Consider new shares should be issued ..	5
8	To British Suez Canal Directors	3	Mar. 6,	"Actions de jouissance." Informs of No. 7	6
9	Sir F. Bertie .. (Paris)	62	7,	Ship's tonnage measurement rules. Transmits letter from President of Company, announcing change in	6
10	Mr. Lister .. .. (Paris)	75	13,	Sir W. Matthews' appointment to International Consultative Commission of Works. Company trusts it will be approved by His Majesty's Government ..	7
11	British Suez Canal Directors	5	20,	"Actions de jouissance." Refers to No. 8. New certificates ready for transmission ..	7
12	" " ..	6	Apr. 1.	Market value of His Majesty's Government's shares. Transmits letter from Sir H. A. Lee to Treasury, quoting	7
13	To Sir F. Bertie .. (Paris)	53	4,	Sir W. Matthews' appointment to Committee of Works. Refers to No. 10. His Majesty's Government approve	8
14	Treasury	..	14,	"Actions de jouissance." Refers to No. 11. Proposal as to transmission approved ..	8
15	To British Suez Canal Directors	5	16,	"Actions de jouissance." Approves proposal in No. 11	8
16	British Suez Canal Directors	7	18,	Sir Wm. Garstin's qualifying shares. Transmits letter from Company, reporting transfer of late Sir F. Ardagh's shares to Sir W. Garstin	9
17	" " ..	9	22,	"Actions de jouissance." Refers to No. 15. Have received first batch of new shares ..	9
18	To Bank of England	..	27,	"Actions de jouissance." Informs of No. 17 and transmits certificates	9
19	Bank of England ..	..	27,	"Actions de jouissance." Acknowledges No. 18 and inclosure	10

No.	Name.	No.	Date.	Subject.	Page
20	British Suez Canal Directors	10	May 6, 1908	Annual meeting. Ask for statement from Treasury that His Majesty's Government still hold their shares	10
21	To Treasury ..	..	7,	Annual meeting. Gives substance of No. 20	10
22	To Bank of England	..	11,	"Actions de jouissance." Asks that further batch of old certificates be handed over ..	11
23	To British Suez Canal Directors	7	11,	"Actions de jouissance." Transmits second batch of old certificates for exchange ..	11
24	British Suez Canal Directors	11 Confidential	11,	Oil reservoirs. Standard Oil Company wish to lease land for	11
25	Treasury .. .	..	13,	Annual meeting. Refers to No. 20. Transmits certificate as to continued possession of shares	11
26	British Suez Canal Directors	12	11,	Sir W. Garstin's reception on Board. Reports	12
27	" " ..	14	14,	"Actions de jouissance." Transmits further batch of new certificates	12
28	To Sir F. Bertie .. (Paris)	83	16,	Annual meeting. Should ensure presence of a representative of His Majesty's Government at	12
29	To Treasury ..	..	16,	"Actions de jouissance." Reports present situation as regards exchange for new certificates, and describes method of transmission	12
30	British Suez Canal Directors	13	11,	Sir W. Matthews' appointment to Technical Consulting Committee. Reports ..	13
31	Mr. Lister .. .. (Paris)	148	14,	Sir W. Matthews' appointment. Transmits letter from Company, announcing ..	13
32	To Treasury ..	..	18,	"Actions de jouissance." Refers to No. 29. Further batch of new certificates received. Proposed action in regard to them ..	14
33	To British Suez Canal Directors	8	18,	Annual meeting. Transmits No. 25 as to shares of His Majesty's Government ..	14
34	British Suez Canal Directors	16	15,	Company's accounts, 1907. Brief review of	14
35	" " ..	17	25,	Annual Report of Company. Transmits ..	15
36	Sir E. Gorst .. (Cairo)	37	28,	Statistical Return of Navigation. Transmits	15
37	British Suez Canal Directors	19	June 3,	1907 accounts. Approved by Finance Committee of Council. Transmits comparative Tables and President's speech, and usual Tabular statement	15
38	" " ..	20	3,	General meeting. Reports resolutions. Transmits President's speech	20
39	" " ..	21	13,	Interest and dividends on His Majesty's Government's shares. Transmits letter from Sir H. A. Lee to Treasury as to ..	21
40	" " ..	22	13,	"Actions de jouissance." Fourth batch of new certificates received	22
41	Board of Trade ..	..	17,	Australian desire for reduction in dues. Transmits letter from Associated Chambers of Commerce of Commonwealth of Australia received through Colonial Office, urging reduction	22

No.	Name.	No.	Date.	Subject.	Page
42	Colonial Office ..	..	Sept. 5, 1908	Australian desire for reduction of dues. Transmits despatch from Governor-General of Australia, and urges consideration of question	24
43	British Suez Canal Directors	27	Oct. 5,	Australia and reduction of dues. Refers to Nos. 41 and 42. Defends action of Company in not reducing dues	24
44	" " ..	28	Nov. 9,	Dividends. Amount of distribution ..	25
45	Colonial Office ..	..	27,	Australian desire for reduction of dues. Transmits despatch to Governor-General of Commonwealth, giving substance of No. 43	26
46	British Suez Canal Directors	29	Dec. 10,	Australian desire for reduction of dues. Refers to No. 42. Demonstrates that present profits are not unduly large. Transmits list of prices since 1870, and dividends paid in recent years	26
47	" " ..	32	20,	Budget for 1909. Submits observations ..	29

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CONFIDENTIAL.

Further Correspondence respecting the Suez Canal.

[In continuation of Confidential Paper No. 9319.]

[561] No. 1.

British Suez Canal Directors to Sir Edward Grey.—(Received January 6.)

(No. 1. Commercial.)

Sir, *Paris, January* 1, 1908.

WE have the honour to report that the Budget of the Suez Canal Company for the year 1908 was examined and passed by the Finance Committee on the 2nd December, 1907, and approved by the Council on the same date, and we submit for your information our Report on the estimated expenditure for the year.

The Finance Committee a year ago recommended a change in the form in which the Budget is presented. The portion hitherto known as the "Extraordinary Budget" is not now included in the Budget of expenses of management, properly so-called. The former really constituted the charges out of borrowed funds sanctioned by Resolutions of the annual general meetings for the improvement of the Canal, and do not recur with such regularity as to constitute a basis for annual comparison.

The main heads of this extra expenditure have been—

1. The widening of the Canal by 8 metres from El Ferdane to Suez, and its deepening throughout to 10 m. 50 c. (34 ft. 5 in.);
2. Widening and reducing the curves to Lake Timsah and the Bitter Lakes; and
3. The improvement and extension of the port and harbour of Port Saïd, under the obligations imposed by the concession to the Company.

The sums allotted to this work in 1906 and 1907 were 5,629,500 fr. and 4,490,500 fr. respectively, and for the present year a vote has been presented by the Finance Committee to the Council of 13,008,143 fr. 54 c., and has been sanctioned.

A consequential change in form is that the vote for the "Domaine Commun" is now summarized with the five other heads of expenses under (A)—Expenses of Management, leaving only the "Charges Sociales," under (B).

The total expenses of the ordinary Budget are estimated at 29,082,000 fr., being an increase of 811,535 fr. as compared with the original estimate for 1907, and a decrease of 866,957 fr. as compared with the final estimate for that year.

We append the customary tabulated Statement of the Estimates for both the years 1907 and 1908, showing the charges under the several headings of the works and expenditure, and the differences between those of the two years respectively.

(A.)—1. *Central Administration.*—The cost of the Central Administration, namely, salaries and charges of the Paris office, 1,199,500 fr., shows an estimated increase of 63,035 fr. over the original estimate for 1907.

2. *Agency in Egypt.*—The higher rate of grants which the Council have sanctioned for the employés of the Company in Egypt, and a considerable improvement in the pay and lodging allowances to the staff, granted by reason of the increased cost of living in Egypt, are the cause of an increase in the charge for the Establishment in

Egypt, which also includes the accounting, legal, and sanitary expenses. The increase for the year in view amounts to 34,300 fr. on a total estimate of 863,300 fr., including the charges for the hospital of Saint-Vincent de Paul at Ismaïlia.

The concessions as to the terms on which the superior servants of the Company were in future to be admitted to the hospital, which we first reported three years ago, have proved a great boon to the service, and the increase under this sub-head of 14,500 fr. is felt to be fully justified.

3. *Transit and Navigation.*—The estimate for the costs of transit and navigation for 1908 is 3,244,400 fr., showing an increase of 200,600 fr.

4. *Maintenance.*—The estimate for this service is 7,288,000 fr., being about seven-twelfths of the total expenditure on the maintenance and administration of the Canal.

The cost of the "Service Général" and the "Ateliers Généraux" are expected to be increased during next year by 215,500 fr. 50,000 fr. respectively, and that of the Stores and Renewals of Plant by 30,000 fr. and 350,000 fr. each; but a prospective diminution of 172,000 fr. on account of unexpended balances in the charge for Upkeep leaves, on the balance, a net increase of 473,500 fr.

The above figures now include for the first time the expenses of the International Commission on Engineering Works in the Canal, hitherto borne by the votes of the Extraordinary Budget. As this Commission meets each year in Paris, the expenses of it are of an annually recurring nature, and the Finance Committee, in making the change to which we have referred above, have thought it more correct to charge this item to expenses of management.

5. *Domain and Waterworks.*—The estimates for this service provide for an expenditure of 937,200 fr., showing a net increase of 16,200 fr. as compared with the original estimates for 1907.

6. As we have shown, the expenses of the "Domaine Commun" are for the first time grouped for the purpose of the summary with the five foregoing heads. They are estimated at 283,100 fr., or an increase of 32,800 fr.

The net prospective charge under these six heads, which now comprise the whole expenses of Upkeep and Administration, is 13,815,500 fr., an increase of 820,435 fr. over the original estimates for 1907.

(B.)—"*Charges Sociales.*"—The "Charges Sociales," or Loan Expenses, are estimated to amount next year to 15,266,500 fr., showing a decrease of 8,900 fr. in comparison with the original estimate for 1907.

The foregoing figures bring out the total of the ordinary Budget for the year at 29,082,000 fr., being an increase of 811,535 fr. as compared with the original, and a decrease of 866,957 fr. 66 c. as compared with the final estimates of 1907.

Borrowing Powers.—It was also reported that the sum of upwards of 50,000,000 fr. having been expended in the amelioration of the Canal in the last seven years, the borrowing powers sanctioned up to 50,000,000 fr. by Resolution of the shareholders in 1901 and 1906 were practically exhausted, and it was foreshadowed that further powers would be sought at the next annual meeting. Those will relate to the question of further accommodation for collier vessels at Port Saïd in connection with the reconstruction of the railway station there. The necessary further extension of the quay space has been discussed at meetings of the Finance Committee and of the Council in view of the increasing importation of coal for manufacturing and other purposes into Egypt; but as yet no vote for this undertaking has been included in the estimates now presented, pending its further consideration on the spot by the principal officers of the Company and those of the Directors who may proceed this winter to Egypt.

We have, &c.
(Signed) H. AUSTIN LEE.
H. T. ANSTRUTHER.

Inclosure in No. 1.

STATEMENT showing the Estimates for the years 1907 and 1908 under the different heads of Expenditure.

Heads of Expenditure.	Original Estimates for 1907.	Final Estimates for 1907.	Votes for 1908.	Difference between Votes for 1908 and the Original Estimates for 1907.	
				Increase in 1908.	Decrease in 1908.
Ordinary Budget.	Fr.	Fr. c.	Fr.	Fr.	Fr.
A.—Expenses of management—					
I. Central Administration ..	1,136,465	1,180,965 00	1,199,500	63,035	..
II. Agency in Egypt ..	829,000	846,755 59	863,300	34,300	..
III. Transit and Navigation ..	3,043,800	3,191,100 00	3,244,400	200,600	..
IV. Maintenance	6,814,500	7,845,037 07	7,288,000	473,500	..
V. Domain and Waterworks ..	921,000	1,334,400 00	937,200	16,200	..
VI. Common Domain ..	250,300	275,300 00	283,100	32,800	..
Total of expenses of management	12,995,065	14,673,557 66	13,815,500	820,435	
B.—Loan Expenses	15,275,400	15,275,400 00	15,266,500	..	8,900
Grand total of Budget ..	28,270,465	29,948,957 66	29,082,000	811,535	

[1125] No. 2.

Treasury to Foreign Office.—(Received January 11.)

Sir, *Treasury Chambers, January* 10, 1908.

WITH reference to your letter of the 2nd instant, I am directed by the Lords Commissioners of His Majesty's Treasury to transmit herewith the 354 shares in the Suez Canal Company belonging to His Majesty's Government, which were drawn for repayment on the 16th ultimo, and I am to request that you will move the Secretary of State for Foreign Affairs to cause the shares to be transmitted to Sir H. Austin Lee, with directions to present them and to remit the proceeds to the Bank of England for His Majesty's Exchequer under the arrangements approved by the Treasury Minute of the 13th December, 1894.

I am, &c.
(Signed) G. H. MURRAY.

[1125] No. 3.

Foreign Office to British Suez Canal Directors.

(No. 1. Commercial.)

Gentlemen, *Foreign Office, January* 13, 1908.

WITH reference to your despatch No. 23, Commercial, of the 27th ultimo, I am directed by Secretary Sir E. Grey to transmit to you herewith the 354 shares in the Suez Canal Company belonging to His Majesty's Government, which were drawn for repayment on the 16th ultimo.

I am to request that you will present these shares for repayment, and remit the proceeds to the Bank of England on account of His Majesty's Exchequer.

I am, &c.
(Signed) LOUIS MALLET.

[1738] No. 4.

British Suez Canal Directors to Sir Edward Grey.—(Received January 17.)

(No. 2. Commercial.)

Sir, *Paris, January* 16, 1908.

WITH reference to your despatch unnumbered, Commercial, of the 13th instant, we have the honour to transmit herewith, for safe delivery to the Chief Cashier of the Bank of England, a letter containing a draft on the Crédit Lyonnais for the sum of 177,000 fr., being the value of the 354 Suez Canal shares drawn on the 15th ultimo for repayment of capital; and also a packet containing 354 "actions de jouissance" received from the Suez Canal Company in exchange for the shares delivered to the Company.

I have, &c.
(For the British Directors),
(Signed) H. AUSTIN LEE.

[3880] No. 5.

British Suez Canal Directors to Sir Edward Grey.—(Received February 4.)

(No. 3. Commercial.)

Sir, *Paris, February* 1, 1908.

WE have the honour to inclose a copy of a letter which we have received from the Secretary-General of the Suez Canal Company with regard to the renewal of the certificates of the "actions de jouissance," of which the supply of coupons has been exhausted.

On reference to correspondence which took place in 1905 it will be seen that in a similar case which arose with regard to the capital shares the Treasury agreed to the proposal of the Suez Canal Company not to replace the existing shares, on the understanding that the new issue should be supplied to His Majesty's Government if at any time required.

We would therefore suggest that, in view of the inconvenience which would result in connection with the transfer of the 6,825 certificates of the "actions de jouissance," the offer of the Suez Canal Company should be accepted, on condition that new certificates shall be supplied to His Majesty's Government at any time that they may think fit to ask for them.

We have, &c.
(For the British Directors),
(Signed) H. AUSTIN LEE.

Inclosure in No. 5.

M. Bonnet to Sir H. Lee.

Compagnie Universelle du Canal Maritime de Suez,
Paris, le 31 *Janvier*, 1908.

M. l'Administrateur,

PAR suite du renouvellement des titres d'actions de jouissance dont les coupons étaient épuisés, j'ai l'honneur de vous informer que je tiens à la disposition du Gouvernement de Sa Majesté Britannique les 6,825 nouveaux titres afférents à ceux dont il est détenteur, s'il lui plaisait d'en faire l'échange.

Dans le cas où votre Gouvernement préférerait ajourner cette opération et conserver les anciens titres, nous tiendrons les nouveaux en réserve pour être échangés ultérieurement lorsque la demande nous en sera faite.

Veuillez, &c.
Le Secrétaire-Général,
(Signé) EDGAR BONNET.

[4448] No. 6.

British Suez Canal Directors to Sir Edward Grey.—(Received February 8.)

(No. 4. Commercial.)

Sir, *Paris, February* 5, 1908.

IT is provided by Article XI of the Convention between the Egyptian Government and the Suez Canal Company of the 1st February, 1902, that in return for certain charges assumed by the Company in connection with the improvement of the port of Port Saïd, all the machinery and material employed in the maintenance, improvement, and working of the Canal and the ports depending upon it shall be exempted from customs duty on their importation into Egypt. It may be interesting to the Egyptian Government to know how this arrangement has worked out, and what the saving has been under this head to the Suez Canal Company.

From calculations furnished by the Company's agents in Egypt it appears that, had the arrangement not been made, the following sums would have been paid to the Egyptian Government in each year from 1904, under the head of customs duties:—

	Fr.
1904	538,293
1905	312,326
1906	471,788
1907	619,240

or an average of about 485,500 fr. per annum, equivalent to 19,420*l*.

We have, &c.
(Signed) H. AUSTIN LEE.
H. T. ANSTRUTHER.

[7041] No. 7.

Treasury to Foreign Office.—(Received February 29.)

Sir, *Treasury Chambers, February* 28, 1908.

THE Lords Commissioners of His Majesty's Treasury have had before them your letter of the 11th instant and its inclosures, relative to the renewal of the certificates in respect of the "actions de jouissance" in the Suez Canal Company held by His Majesty's Government.

In reply I am to state, for the information of the Secretary of State for Foreign Affairs, that my Lords are of opinion that new certificates should be taken in exchange for those on which the coupons are exhausted.

I am to point out, in reference to paragraph 2 of Sir H. Austin Lee's letter of the 1st instant, that the conditions are not the same in the case of "actions de jouissance" as in the case of the shares in 1905, inasmuch as it appears from the Secretary of the Suez Canal Company's letter of the 31st ultimo that the new certificates in respect of the former are now at the disposal of His Majesty's Government, and there is therefore now no question of saving the Company the trouble and expense of preparing new certificates.

I am further to point out that His Majesty's Government already hold new certificates, with coupons for sixty years, in respect of the shares drawn and paid off in January last, and that similar certificates will be received in respect of shares to be drawn hereafter. Considerable confusion might arise in the future if some certificates for "actions de jouissance" have coupons attached to them and others not.

I am to add that my Lords assume that no charge would be made by the Company for the issue of new certificates.

I have, &c.
(Signed) G. H. MURRAY.

[7041] No. 8.

Foreign Office to British Suez Canal Directors.

(No. 3. Commercial.)

Gentlemen, *Foreign Office, March* 6, 1908.

WITH reference to your despatch No. 3 of the 1st ultimo respecting the renewal of the certificates in respect of the "actions de jouissance" in the Suez Canal Company held by His Majesty's Government, I am directed by Secretary Sir E. Grey to state that His Majesty's Government are of opinion that new certificates should be taken in exchange for those on which the coupons are exhausted.

I am to point out, with reference to paragraph 2 of your letter of the 1st instant, that the conditions are not the same in the case of "actions de jouissance" as in the case of the shares in 1905, inasmuch as it appears from the Secretary of the Suez Canal Company's letter of the 31st ultimo that the new certificates in respect of the former are now at the disposal of His Majesty's Government, and there is therefore now no question of saving the Company the trouble and expense of preparing new certificates.

I am further to point out that His Majesty's Government already hold new certificates, with coupons for sixty years, in respect of the shares drawn and paid off in January last, and that similar certificates will be received in respect of shares to be drawn hereafter.

Considerable confusion might arise in the future if some certificates for "actions de jouissance" have coupons attached to them, and others not.

Sir E. Grey assumes that no charge would be made by the Company for the issue of new certificates.

I am, &c.
(Signed) LOUIS MALLET.

[8146] No. 9.

Sir F. Bertie to Sir Edward Grey.—(Received March 9.)

(No. 62. Commercial.)

Sir, *Paris, March* 7, 1908.

I HAVE the honour to transmit to you herewith a copy of a letter which I have received from the President of the Suez Canal Company, requesting me to inform His Majesty's Government of an alteration of the rules for the measurement of ships' tonnage, with regard to the spaces occupied by apparatus for wireless telegraphy.

I have, &c.
(Signed) FRANCIS BERTIE.

Inclosure in No. 9.

Prince d'Arenberg to Sir F. Bertie.

M. l'Ambassadeur, *Paris, le* 5 *Mars*, 1908.

J'AI l'honneur de porter à votre connaissance, en vous priant de vouloir bien le communiquer à votre Gouvernement, que, dans sa séance du 2 Mars, 1908, le Conseil d'Administration de la Compagnie du Canal de Suez a décidé de comprendre dorénavant les espaces destinés à loger les appareils de télégraphie sans fil et le projecteur électrique des navires, parmi les espaces déduits du tonnage brut comme utiles à la manœuvre du navire et sous réserve de l'observation du maximum global de 5 pour cent du tonnage brut.

Cette modification du Règlement de Navigation, qui est dès à présent applicable, sera insérée dans la prochaine édition de ce Règlement, dont je vous adresserai un exemplaire dès qu'elle aura paru.

Veuillez, &c.
Le Président,
(Signé) Prince AUGUSTE D'ARENBERG.

[8797] No. 10.

Mr. Lister to Sir Edward Grey.—(Received March 14.)

(No. 75. Commercial.)

Sir, *Paris, March* 13, 1908.

I AM in receipt of a letter from the President of the Administrative Council of the Suez Canal Company, stating that it is proposed to appoint Sir William Matthews, K.C.M.G., President of the Institute of Civil Engineers, to succeed the late Mr. Leveson Francis Vernon-Harcourt on the International Consultative Commission of Works ("Commission Consultative Internationale des Travaux").

Prince d'Arenberg requests me to inform His Majesty's Government of this choice, which he trusts will meet with their approval.

I have, &c.
(Signed) REGINALD LISTER.

[9756] No. 11.

British Suez Canal Directors to Sir Edward Grey.—(Received March 21.)

(No. 5. Commercial.)

Sir, *Paris, March* 20, 1908.

WITH reference to your despatch No. 3, Commercial, of the 6th instant, we have the honour to inform you that we communicated to the Suez Canal Company the wish of His Majesty's Government to receive the new certificates of the "actions de jouissance" in exchange for those on which the coupons are exhausted, and learn that the certificates in question are now ready for transmission to His Majesty's Government.

It is, however, suggested that, owing to their bulkiness it would be advisable to forward them in packets of 1,000 certificates at a time.

If this proposal meets with the approval of the Treasury, on receipt from you of the first packet of 1,000 certificates we will proceed to make the exchange and forward in due course the new certificates for transmission to their destination.

We have, &c.
(For the British Directors),
(Signed) H. AUSTIN LEE.

[11298] No. 12.

British Suez Canal Directors to Sir Edward Grey.—(Received April 3.)

(No. 6. Commercial.)

Sir, *Paris, April* 1, 1908.

WE have the honour to transmit to you herewith a copy of a letter addressed by the Resident British Director in Paris to the Secretary of the Treasury, giving the market value, on the 31st March last, of the shares held by His Majesty's Government in the Suez Canal Company.

We have, &c.
(for the British Directors)
(Signed) H. AUSTIN LEE.

Inclosure in No. 12.

Sir H. Lee to Treasury.

Sir, *Paris, April* 1, 1908.

WITH reference to my letter of the 2nd April, 1907, I beg to report that the market value of the shares held by His Majesty's Government in the Suez Canal Company on the 31st ultimo amounted to 780,264,932 fr. 50 c., equivalent at the current rate of exchange of 25 fr. 12½ c. to the sum of 31,055,320*l.* 14*s.*, as compared

with 801,103,505 fr., or 31,796,130*l.* on the 31st March, 1907, the difference of value being owing to the fall in the price of the capital shares during the year, viz., from 4,565 fr. to 4,442 fr. 50 c., the "Actions de Jouissance" rising from 3,820 fr. to 3,845 fr.

The following statement shows how the above estimate is arrived at:—

	Fr.	c.
169,423 capital shares at 4,442 fr. 50 c.	752,661,677	50
7,179 "Actions de Jouissance" at 3,845 fr.	27,603,255	0
176,602	780,264,932	50

I am, &c.
(Signed) H. AUSTIN LEE.

[8797] No. 13.

Sir Edward Grey to Sir F. Bertie.

(No. 53. Commercial.)

Sir, *Foreign Office, April* 4, 1908.

I HAVE received Mr. Lister's despatch No. 75, Commercial, of the 13th ultimo, with regard to the appointment of Sir William Matthews, President of the Institute of Civil Engineers, to succeed the late Mr. L. F. Vernon Harcourt, on the International Consultative Committee of Works of the Suez Canal Company.

I request your Excellency to inform the President of the Administrative Council that His Majesty's Government fully approve the choice which has been made.

I am, &c.
(Signed) E. GREY.

[13052] No. 14.

Treasury to Foreign Office.—(Received April 15.)

Sir, *Treasury Chambers, April* 14, 1908.

I HAVE laid before the Lords Commissioners of His Majesty's Treasury your letter of the 25th ultimo transmitting, by direction of the Secretary of State for Foreign Affairs, copy of a despatch from the British Directors of the Suez Canal Company relative to the renewal of the certificates in respect of the "actions de jouissance" in the Company held by His Majesty's Government.

In reply I am to request you to inform Secretary Sir Edward Grey that my Lords approve the proposal that the certificates should be forwarded in packets of 1,000 at a time. My Lords are accordingly instructing an Officer of this Department to attend at the Bank of England this week and to deliver to your Department the first batch of the old certificates for transmission to the British Directors of the Suez Canal Company.

I am, &c.
(Signed) W. BLAIN.

[13052] No. 15.

Foreign Office to the British Suez Canal Directors.

(No. 5. Commercial.)

Gentlemen, *Foreign Office, April* 16, 1908.

I AM directed by Secretary Sir E. Grey to state that the Lords Commissioners of the Treasury approve the suggestion contained in your despatch No. 5, Commercial, of the 20th ultimo, with regard to the exchange of old "actions de jouissance," on which the coupons are exhausted, for new certificates.

The first packet of 1,000 certificates is, therefore, forwarded herewith, and I am to request that you will send in exchange by the earliest opportunity the first batch of new certificates.

I am, &c.
(Signed) LOUIS MALLET.

[13704] No. 16.

British Suez Canal Directors to Sir Edward Grey.—(Received April 21.)

(No. 7. Commercial.)

Sir, *Paris, April* 18, 1908.

WITH reference to your despatch of the 3rd December, 1907, we have the honour to transmit to you herewith a copy of a letter received by Sir Henry Austin Lee from the Secretary-General of the Suez Canal Company, informing us that the 100 shares deposited with the Company for the qualification of the late Major-General Sir John Ardagh have been now transferred to the name of Sir William Garstin.

We have, &c.
(For the British Directors),
(Signed) H. AUSTIN LEE.

Inclosure in No. 16.

M. Bonnet to Sir H. Lee.

Compagnie Universelle du Canal Maritime de Suez,
Paris, le 17 *Avril*, 1908.

M. l'Administrateur,

J'AI l'honneur de vous confirmer que, conformément à l'autorisation donnée par le Gouvernement Britannique et faisant l'objet de votre lettre du 4 Décembre, 1907, les 100 actions de capital déposées en garantie de la gestion du feu Major-Général Sir John Ardagh ont été inscrites au nom de son successeur Sir William Garstin, suivant certificat de dépôt No. 33,978, délivré le 10 Décembre, 1907.

Veuillez, &c.
Le Secrétaire-Général,
(Signé) EDGAR BONNET.

[14000] No. 17.

British Suez Canal Directors to Sir Edward Grey.—(Received April 24.)

(No. 9. Commercial.)

Sir, *Paris, April* 22, 1908.

WE have the honour to acknowledge the receipt of your despatch No. 5, Commercial, of the 16th instant, and to inform you that the first batch of 1,000 certificates of the "actions de jouissance," on which the coupons are exhausted, has been handed to the Suez Canal Company, and we have received in exchange the first batch of new certificates, which are contained in the two packets which accompany this despatch.

We await the arrival, in due course, of the second batch to effect a similar exchange.

I have, &c.
(For the British Directors),
(Signed) H. AUSTIN LEE.

[14000] No. 18.

Foreign Office to Bank of England.

Sir, *Foreign Office, April* 27, 1908.

I AM directed by Secretary Sir E. Grey to state that the first batch of 1,000 new certificates of the "actions de jouissance" has been received from the Suez Canal Company, in exchange for the first batch of 1,000 certificates on which the coupons are exhausted, and that they are contained in the two packets which accompany this letter. The British Directors of the Company await the arrival in due course of the second batch to effect a similar exchange.

Sir E. Grey would be glad to be furnished with an acknowledgment of the receipt of this letter, a copy of which has been sent to the Treasury, and of the two packets containing the certificates.

I am, &c.
(Signed) LOUIS MALLET.

[14521] No. 19.

Bank of England to Foreign Office.—(Received April 28.)

Sir, *Bank of England, April* 27, 1908.

I HAVE to acknowledge the receipt of Mr. Langley's letter of to-day's date, together with 1,000 new certificates of the Suez Canal Company "actions de jouissance."

I am to add that the rest of the certificates on which the coupons are exhausted are ready for delivery, in batches of 1,000 at a time, upon application at the Securities Office.

I am, &c.
(Signed) J. G. NAIRNE,
Chief Cashier.

[15634] No. 20.

British Suez Canal Directors to Sir Edward Grey.—(Received May 7.)

(No. 10. Commercial.)

Sir, *Paris, May* 6, 1908.

WE have the honour to report that the annual general meeting of the shareholders of the Suez Canal Company will be held on Tuesday, the 2nd June next.

In order that His Majesty's Government may be represented at this meeting, we beg that we may be provided with the usual certificate from the Permanent Secretary of His Majesty's Treasury, stating that the Suez Canal shares purchased by Great Britain still remain in the possession of His Majesty's Government.

We shall be glad to receive this certificate with as little delay as possible.

We further beg to request that the usual instructions may be sent to His Majesty's Ambassador with regard to the presence of a Representative of His Majesty's Government at the meeting.

We have, &c.
(For the British Directors),
(Signed) H. AUSTIN LEE.

[15634] No. 21.

Foreign Office to Treasury.

Sir, *Foreign Office, May* 7, 1908.

I AM directed by Secretary Sir E. Grey to transmit to you herewith copy of a despatch which has been received from the British Directors of the Suez Canal Company,* announcing that the Annual General Meeting of the shareholders will be held on Tuesday, 2nd June, next.

Sir E. Grey would be glad if the usual certificate, stating that the Suez Canal shares purchased by Great Britain still remain in the hands of His Majesty's Government could be forwarded to him with as little delay as possible.

I am, &c.
(Signed) LOUIS MALLET.

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* No. 20.

[14521] No. 22.

Foreign Office to Bank of England.

Sir, *Foreign Office, May* 11, 1908.

WITH reference to your letter of the 27th ultimo, respecting the delivery of the first batch of 1,000 new certificates of the Suez Canal Company's "actions de jouissance" to the Bank of England, I am directed by Secretary Sir E. Grey to request that the next batch of 1,000 certificates on which the coupons are exhaused may be handed to the Foreign Office messenger, who is the bearer of this letter, for transmission to Paris.

I am, &c.
(Signed) LOUIS MALLET.

[14521] No. 23.

Foreign Office to British Suez Canal Directors.

(No. 7. Commercial.)

Gentlemen, *Foreign Office, May* 11, 1908.

WITH reference to your despatch No. 9, Commercial, of 22nd April last, I am directed by Secretary Sir E. Grey to request that the second batch of 1,000 certificates of the "actions de jouissance," on which the coupons are exhausted, which are contained in the packet accompanying this despatch, may be handed to the Suez Canal Company, and that you will send in exchange by the earliest opportunity the second batch of new certificates.

I am, &c.
(Signed) LOUIS MALLET.

[16477] No. 24.

British Suez Canal Directors to Sir Edward Grey.—(Received May 13.)

(No. 11. Commercial. Confidential.)

Sir, *Paris, May* 11, 1908.

WE are informed that the Suez Canal Company has been approached by the Standard Oil Company with a view to the lease of land of an area of 10,000 square metres, or 1 hectare (about 2½ acres), upon the Asia bank of the Canal adjoining the Petroleum Dock, for the purpose of erecting reservoirs for the crude oil, and works for the manufacture of cases in which oil will be packed for export. It is stated that the oil will be of Roumanian and Galician origin, and chiefly exported through the Canal to the east.

We understand that the Suez Canal Company are disposed to view the application favourably, but the matter is still under consideration.

We have, &c.
(Signed) H. AUSTIN LEE.
H. T. ANSTRUTHER.
W. E. GARSTIN.

[16611] No. 25.

Treasury to Foreign Office.—(Received May 14.)

Sir, *Treasury Chambers, May* 13, 1908.

WITH reference to Sir F. Campbell's letter of the 7th instant, I am directed by the Lords Commissioners of His Majesty's Treasury to transmit herewith, to be laid before Secretary Sir E. Grey, the accompanying certificate signed by their Lordships' Permanent Secretary as to the continued possession of Suez Canal shares by His Majesty's Government.

I am, &c.
(Signed) W. BLAIN.

[16698] No. 26.

British Suez Canal Directors to Sir Edward Grey.—(Received May 15.)

(No. 12. Commercial.)

Sir, *Paris, May* 11, 1908.

WE have the honour to report that at the meeting of the Council of the Suez Canal Company held this day, Sir William Garstin took his seat for the first time at the Board. Prince d'Arenberg, the President of the Company, in offering on behalf of his colleagues a most cordial welcome to the new Director, renewed his expressions of satisfaction at the selection made by His Majesty's Government upon the grounds both of distinguished public service and of high personal qualifications. The President foreshadowed great advantage to the shareholders of the Company from the presence of Sir William Garstin on the Council, and these sentiments of confidence were suitably acknowledged.

We have, &c.
(For the British Directors),
(Signed) H. AUSTIN LEE.

[16699] No 27.

British Suez Canal Directors to Sir Edward Grey.—(Received May 15.)

(No. 14. Commercial.)

Sir, *Paris, May* 14, 1908.

WE have the honour to acknowledge the receipt of your despatch No. 7, Commercial, of the 11th instant, and to inform you that the second batch of 1,000 certificates of the "Actions de Jouissance" on which the coupons are exhausted has been handed to the Suez Canal Company, and we have received in exchange the second batch of new certificates which are contained in the two packets accompanying this despatch.

We await the arrival in due course of the third batch to effect a similar exchange.

We have, &c.
(For the British Directors),
(Signed) H. AUSTIN LEE.

[16611] No. 28.

Sir Edward Grey to Sir F. Bertie.

(No. 83. Commercial.)

Sir, *Foreign Office, May* 16, 1908.

I HAVE been informed by the British Directors of the Suez Canal Company that the annual general meeting of the shareholders of the Company will be held on Tuesday, the 2nd proximo, and I request that your Excellency will, as on former occasions, take the necessary steps to insure the presence of a Representative of His Majesty's Government at the meeting.

I am, &c.
(Signed) E. GREY.

[14521] No. 29.

Foreign Office to Treasury.

Sir, *Foreign Office, May* 16, 1908.

WITH reference to the letter from this Office of the 29th ultimo, I am directed by Secretary Sir E. Grey to state that on the 11th instant the second batch of 1,000 Suez Canal certificates on which the coupons have been exhausted were received at this Office from the Bank of England, and forwarded immediately to the British Directors in Paris.

With regard to the method of transmission, I am to state, for the information of the Lords Commissioners of His Majesty's Treasury, that on this occasion a Foreign Office messenger was sent to convey the certificates from the Bank of England to this Office in order that the packet might travel by the bag to Paris which left this Office on the evening of the 11th instant. Sir E. Grey would suggest, however, that in future the packets of certificates should regularly be conveyed between this Office and the Bank of England by a Treasury officer. Should their Lordships concur in this suggestion, steps would be taken to notify to the Treasury the arrival of each packet of certificates from Paris, and it will then be open to their Lordships to effect the exchange as between this Office and the Bank of England at the date and time which they may consider most convenient.

I have, &c.
(Signed) LOUIS MALLET.

[17087] No. 30.

British Suez Canal Directors to Sir Edward Grey.—(Received May 18.)

(No. 13. Commercial.)

Sir, *Paris, May* 11, 1908.

WE have the honour to report that at the meeting of the Council of the Suez Canal Company held this day Sir William Matthews was appointed to succeed the late Mr. L. F. Vernon-Harcourt as a member of the Technical Consulting Committee.

We have, &c.
(Signed) H. AUSTIN LEE.
H. T. ANSTRUTHER.
W. E. GARSTIN.

[17023] No. 31.

Mr. Lister to Sir Edward Grey.—(Received May 18.)

(No. 148. Commercial.)

Sir, *Paris, May* 14, 1908.

I HAVE the honour to inclose a copy of a letter which I have received from the President of the Suez Canal Company, informing me of the appointment of Sir William Matthews to succeed the late Mr. L. F. Vernon Harcourt as a member of the Technical Consulting Committee.

I have, &c.
(Signed) REGINALD LISTER.

Inclosure in No. 31.

Prince d'Arenberg to Sir F. Bertie.

Compagnie Universelle du Canal Maritime de Suez,
9, Rue Charras, Paris, le 13 *Mai*, 1908.

M. l'Ambassadeur,

ME référant à ma lettre du 14 Avril dernier, j'ai l'honneur de vous faire connaître que, dans sa séance du 11 Mai, le Conseil d'Administration de notre Compagnie a nommé Sir William Matthews membre de la Commission Consultative Internationale des Travaux du Canal de Suez en remplacement du regretté Mr. L. F. Vernon Harcourt.

Veuillez, &c.
Le Président du Conseil d'Administration,
(Signé) Prince AUGUSTE D'ARENBERG.

[16699] No. 32.

Foreign Office to Treasury.

Sir, *Foreign Office, May* 18, 1908.

WITH reference to the letter from this Office of the 16th instant, I am directed by Secretary Sir E. Grey to state, for the information of the Lords Commissioners of His Majesty's Treasury, that the second batch of 1,000 certificates of the "actions de jouissance" on which the coupons are exhausted has been received at this Office from the British Directors of the Suez Canal Company.

In accordance with the suggestion contained in the letter to which reference is made above, I am to state that the certificates will be kept at this Office pending the arrival of a Treasury Officer to convey them to the Bank of England.

I am further to suggest, for the consideration of their Lordships, that the chief cashier of the Bank of England might be requested to cause each batch of 1,000 certificates on which the coupons are exhausted to be made up in sealed packets ready for immediate transmission to Paris, thus obviating the necessity of counting each batch on its arrival at this Office from the Bank of England.

I am, &c.
(Signed) LOUIS MALLET.

[16611] No. 33.

Foreign Office to British Suez Canal Directors.

(No. 8.)
Gentlemen, *Foreign Office, May* 18, 1908.

WITH reference to your letter of the 6th instant, I am directed by Secretary Sir E. Grey to transmit herewith the accompanying certificate signed by the Permanent Secretary of His Majesty's Treasury as to the continued possession of Suez Canal shares by His Majesty's Government.*

I am, &c.
(Signed) LOUIS MALLET.

[17205] No. 34.

British Suez Canal Directors to Sir Edward Grey.—(Received May 19.)

(No. 16. Commercial.)
Sir, *Paris, May* 15, 1908.

WE have the honour to report that at the meeting of the Council of the Suez Canal Company, held on the 11th instant, the accounts of the Company for the year 1907 were submitted and approved. It was reported that the total receipts amounted to 120,118,521 fr. 6 c., and the total expenses to 43,642,494 fr. 37 c., leaving a net profit of 76,476,026 fr. 69 c., or an increase over the net profit of the previous year of 6,766,373 fr. 28 c.

The Council approved the payment of a dividend at the same rate as that on the previous account, namely, 151 fr. 71 c. gross, being at the rate of 126 fr. 71 c. per share plus the statutory interest of 25 fr. per share (5 per cent.), the net income per capital share after deducting taxation being 141 fr. 71 c.

The dividend, together with the other sums to be distributed as set forth below, absorbs a total sum of 71,385,915 fr. 49 c. Of the remainder, with the addition of 56,571 fr. 81 c. brought forward from last account, 2,294,280 fr. 80 c. is carried to the statutory reserve, 2,800,000 fr. to the special reserve, leaving a balance to be carried forward to the next account of 52,402 fr. 21 c.

Of the dividend now declared, an instalment of 52 fr. 50 c. was paid in last January, leaving a balance of 74 fr. 21 c. per share to be received in July. To this is

* Not printed.

added the 12 fr. 50 c. on each share as interest. His Majesty's Government will therefore receive—

	Fr.	c.
169,423 capital shares at 86 fr. 71 c.	14,690,668	33
7,179 "actions de jouissance" at 74 fr. 21 c.	532,753	59
Total	15,223,421	92

The net profits will be distributed under Article 63 of the Statutes in the following proportion :—

			Fr.	c.
71 per cent.	to the shareholders	.. ..	50,684,000	00
15	" Egyptian Government	.. .. ..	10,707,887	32
10	" founders		7,138,591	55
2	" administrators		1,427,718	31
2	" employees		1,427,718	31
	Total		71,385,915	49

We have, &c.
(Signed) H. AUSTIN LEE.
H. T. ANSTRUTHER.
W. E. GARSTIN.

[18077] No. 35.

British Suez Canal Directors to Sir Edward Grey.—(Received May 26.)

(No. 17. Commercial.)
Sir, *Paris, May* 25, 1908.

WE have the honour to transmit to you herewith copies of the Annual Report of the Suez Canal Company which will be laid before the shareholders at the general meeting to be held on the 2nd June.*

We have, &c.
(For the British Directors),
(Signed) H. AUSTIN LEE.

[19474] No. 36.

Sir E. Gorst to Sir Edward Grey.—(Received June 6.)

(No. 37. Commercial.)
Sir, *Cairo, May* 28, 1908.

I HAVE the honour to transmit to you herewith two copies of a Statistical Return of Navigation through the Suez Canal for the year 1907.*

I have, &c.
(Signed) E. GORST.

[19997] No. 37.

British Suez Canal Directors to Sir Edward Grey.—(Received June 10.)

(No. 19. Commercial.)
Sir, *Paris, June* 3, 1908.

WE have the honour to report that the accounts of the Suez Canal Company for the year 1907 were approved by the Finance Committee of the Council on the 11th May, and adopted by the Council on the same date. They were submitted to the annual general meeting of the shareholders yesterday, and were unanimously accepted. We append the usual tabular statement, showing a comparison of the result for the two previous years, and a copy of the President's speech in moving the adoption of the Report and accounts will be separately forwarded to you.

* Not printed.

The total receipts for the year 1907 amount to 120,118,521 fr. 6 c., and the total expenses to 43,642,494 fr. 37 c., leaving a net profit of 76,476,026 fr. 69 c. The corresponding figures of the previous year being: receipts, 111,989,122 fr. 98 c.; expenses, 42,279,469 fr. 57 c.; net profit, 69,709,653 fr. 41 c. The increase in the net profit of the year under consideration is 6,766,373 fr. 28 c. We beg to recall to your notice that the years under comparison are the first two, in both of which the comparable figures are based upon the lower tariff of 7 fr. 75 c. per ton, the reduction from the former figure of 8 fr. 50 c. having taken effect from the 1st January, 1906.

Of the above-mentioned sum of 76,476,026 fr. 69 c., the Council has decided to allocate the sum of 2,294,280 fr. 80 c. to the statutory reserve, the balance, with the addition of 56,571 fr. 81 c., brought forward from last account, making a total of 74,238,317 fr. 70 c., and from this sum it is proposed to take 2,800,000 fr. as a credit to the special reserve, thus by carrying forward to the next account the sum of 52,402 fr. 21 c., the net sum to be distributed under the statutes of the Company is 71,385,915 fr. 49 c. This sum allows the payment of a dividend at the same rate as for the previous year of 126 fr. 71 c. per share, which with the interest of 25 fr. per share produces a gross income of 151 fr. 71 c., or 141 fr. net.

Receipts.—The total of the receipts for the year 1907 is higher by 8,129,398 fr. 8 c. than that of 1906, the increase being in the main attributable to the great improvement in the traffic receipts. The actual increase from dues on vessels alone (amounting, as we note below, to 9,105,503 fr.) was greater than the net increase, but there is a falling off in the revenue from passengers and sailing vessels, leading to the conclusion that the expansion of the business of the Canal Company has been derived from an increased movement of merchandize.

1. *Financial Operations.*—Taking the various main heads of revenue in order, there is little of interest to note under this head. The income from temporary investments shows a slight diminution of some 45,000 fr., while the receipts from sundry sources increased by 62,000 fr. odd. There is a further reduction in the costs of transmission of funds from Egypt, and from England to France, of 38,771 fr., the respective figures for 1906 and 1907 being 311,020 fr. 55 c. and 272,248 fr. 71 c.

2. "*Domaine Commun.*"—The increasing revenue from the sale of sites in the "Domaine Commun," to which we drew the attention of His Majesty's Government in our despatch at this time last year, is still a feature of the operations of the Company, the growth has not been maintained in the same degree. The sales in the year 1907 amounted to 973,626 fr. 20 c., compared with 898,597 fr 25 c. in 1906, or an increase of 75,028 fr. 95 c. The figure in 1905 was 660,579 fr. The proceeds of these sales are shared equally with the Government of Egypt.

3. *Transit and Navigation.*—The receipts from transit dues, constituting the bulk of the revenue of the Company, amount to 116,080,115 fr. 43 c., showing a net increase over 1906 of 7,977,055 fr. 1 c. Of the total sum, 115,358,812 fr. is derived from dues paid by vessels, passengers, and sailing barques, the actual revenue from the tonnage laid under contribution being augmented by the sum of 9,105,377 fr., while that from passengers is reduced by 1,100,000 fr. odd, and from the local trading craft by some 56,500 fr.

The balance of the transit receipts is drawn as heretofore from pilotage, towage, harbour dues, and hiring of the Company's floating material. There is a moderate increase under all of these heads except that of towage, which shows a decrease of 38,000 fr. This may be taken as evidence of the steady improvement of the facilities afforded by the waterway and of the increased care bestowed by the officials of the Company upon the vessels which come under their supervision during the passage of the Canal.

The new Regulations imposing the conditions under which vessels carrying petroleum are permitted to navigate the Canal, reported in our despatch No. 6, Commercial, of the 24th April, 1907, were in operation for nine months of the year. In future years we anticipate an increase in the receipts from this source.

The rents from sites in the "zone franche" of Port Saïd have risen from 124,539 fr. 60 c. in 1906 to 162,100 fr. 80 c., an increase of 37,561 fr. 20 c.

The remaining three sources of revenue account for a little over 4,000,000 fr., or 3 per cent. of the Company's revenue, and they all show increases.

4. "*Domaine.*"—The receipts from letting of buildings within the domain of the Company have risen from 85,000 fr. to 91,000 fr., an increase in round numbers of 5,000 fr.

5. *Waterworks.*—The revenue of the water supply, which in the three towns of

the isthmus (Port Saïd, Ismaïlia, and Suez) is in the hands of the Canal Company, amounted in Port Saïd and Ismaïlia to 471,101 fr., an increase of 31,000 fr., and in Suez (including Port Thewfik) to 172,797 fr., an increase of nearly 27,000 fr.

The percentage of increase is very much higher at Suez, and arises from the recent substitution of supply by metre for that by annual rental. The installation of the new water supply there is about to be commenced, and is expected to be in full working order in about two years. A still further source of revenue may then be anticipated, in addition to the great advantage that will accrue from it to the inhabitants of the Red Sea port.

6. *Maintenance.*—There are sundry receipts from clients of the Company in respect of upkeep undertaken on their behalf, amounting to about 55,000 fr., being slightly higher than those of the previous year.

Outstanding accounts amount only to 2,361 fr. 11 c., a decrease in comparison with 1906 of 9,229 fr. 14 c., and a tribute to the minute accuracy by which the Accountancy and Finance Branch of the Company's Bureau is characterized.

Expenditure.—The total expenses for the year 1907 amount to 31,761,987 fr. 62 c., being an increase of 1,362,837 fr. 55 c. over those of the previous year. The charges for interest and sinking fund, viz., 4,000,000 fr., are the same, while a sum of 500,000 fr. is set aside for contingencies, being some 350,000 fr. greater than that shown in the last account.

The working expenses amount to 27,261,987 fr. 62 c., which is distributed under the same heads as in previous accounts.

1. "*Charges Sociales.*"–Loan services and legal expenses amount to 15,272,790 fr. 30 c., with a slight decrease of 8,000 fr.

2. "*Dépenses Administratives.*"—The expenses of administration include the cost of the central office in Paris, of the office in London, and of the head-quarter staff and Legal Department in Egypt. These amount to 2,034,849 fr. 73 c., the expenses of the Paris office being practically the same, and those of the office in Egypt about 3,500 fr. less.

3. "*Domaine Commun.*"—The cost of the staff, amounting to 140,548 fr., is the same within a few francs of that of last account, while the expenses of management are increased by 31,589 fr. to a total of 140,625 fr.

As on the side of receipts, so on this side of the account these are shared in equal moieties with the Government of Egypt.

4. *Transit and Navigation.*—The salaries and personal expenses and allowances of the officials and personnel engaged in this service amount to 2,066,616 fr. 31 c., being an increased sum of only 72,645 fr., a very moderate percentage of increase in view of the immense growth in the volume of the traffic to be dealt with during the year 1907, but the actual expenses of the department were not unnaturally higher by the sum of 112,184 fr., and amounted in all to 1,382,138 fr. 54 c.

5. "*Domaine.*"—In the domain of the Company the salaries of the staff are practically stationary, but there is a decrease of nearly 20,000 fr. in the expenses of management. As we have had to notice on the other side of the account an increase of nearly 6,000 fr. in the revenues from the domain, it seems to be a satisfactory feature that this increased revenue should have been earned with a smaller expenditure for management.

6. *Waterworks.*—The charges for the waterworks show little variation on revenue account either for Suez or for Port Saïd, the amounts being 132,500 fr. and 96,773 fr. respectively; but there is a considerable increase in that expenditure at Ismaïlia, amounting to 303,112 fr. 82 c., or 104,869 fr. 96 c. higher than that of the previous year. This expenditure is accounted for by the recent decision of the Council to introduce a system of filtered water into the greater portion of their properties in Ismaïlia, the majority of which are of course tenanted by the employees of the Company.

7. "*Entretien.*"—The expenses incurred for the upkeep and maintenance of the Canal and its adjuncts amount to 5,413,832 fr. 2[illegible] c., an increase of 720,108 fr. 65 c. over the former year. The increase in the previous year had already been 966,450 fr., so that during the last two seasons that we have had under review there has been increased outlay on the upkeep of the Canal of over 1,500,000 fr. borne entirely by the revenues of these two years. The recent expenditure has been directed mainly to the widening and deepening of the Canal, and to the further improvement under projects already reported to you of the harbour and roads of Port Saïd, as a result of which the maximum draught for vessels of 28 feet came into operation at the beginning of the current year.

The net balance to be distributed, as has been said, falls to be divided in the following proportions, viz. :—

		Fr.	c.
71 per cent. to the shareholders	..	..	50,684,000	00
15 " Egyptian Government	..	..	10,707,887	32
10 " founders..	..	..	7,138,591	55
2 " administrators	..	..	1,427,718	31
2 " employees	..	..	1,427,718	31
Total ..	..	..	71,385,915	49

We have, &c.
(Signed) H. AUSTIN LEE.
H. T. ANSTRUTHER.
W. E. GARSTIN.

Inclosure in No. 37.

STATEMENT showing the Receipts and Expenditure of the Suez Canal Company for the Years 1905, 1906, and 1907, with a Comparison of the various Headings in 1906 and 1907.

Receipts.

	1905.	1906.	1907.	Comparison of 1906 with 1907. Increase.	Comparison of 1906 with 1907. Decrease.
	Fr. c.	Fr. c.	Fr. c.	Fr. c.	Fr. c.
Financial operations ..	2,456,093 54	2,700,195 73	2,755,666 51	55,470 78	..
Domaine Commun	333,442 02	452,223 78	489,886 90	37,663 12	..
Transit and Navigation ..	113,868,133 50	108,103,060 42	116,080,115 43	7,977,055 01	..
Domaine Particulier ..	81,870 02	85,284 60	91,009 84	5,725 24	..
Waterworks, Port Said, Ismailia, and Suez	550,512 83	585,699 32	643,899 29	58,199 97	..
Maintenance, receipts ..	12,486 97	51,068 88	55,581 98	4,513 10	..
Outstanding accounts ..	5,657 94	11,590 25	2,361 11	..	9,229 14
Total	117,308,196 82	111,989,122 98	120,118,521 06	8,129,398 08 (increase.)	

Expenditure.

	1905.	1906.	1907.	Comparison of 1906 with 1907. Increase.	Comparison of 1906 with 1907. Decrease.
	Fr. c.	Fr. c.	Fr. c.	Fr. c.	Fr. c.
Loan services	15,286,292 00	15,280,847 26	15,272,790 30	..	8,056 96
Central Administration ..	1,118,274 65	1,258,958 59	1 260,366 78	1,408 19	..
Agency in Egypt, &c. ..	738,382 17	778,103 50	774,482 95	..	3,620 55
Domaine Commun ..	121,656 76	124,792 12	140,586 90	15,794 78	..
Transit and Navigation ..	3,071,484 16	3,263,925 42	3,448,754 85	184,829 43	..
Domaine Particulier ..	357,919 70	429,893 22	412,539 34	..	17,353 88
Waterworks, Port Said, Ismailia, and Suez	430,916 93	418,579 79	532,402 26	113,822 47	..
Maintenance	3,727,272 61	4,693,723 57	5,413,832 22	720,108 65	..
Outstanding accounts ..	1,500 00	5 96	6,232 02	5,226 06	..
	24,853,698 98	26,248,829 43	27,261,987 62	1,013,158 19 (increase.)	
Insurance—Accidents ..	250,000 00	150,320 64	500,000 00	349,679 36	..
Depreciation	4,000,000 00	4,000,000 00	4,000,000 00	..	..
Interest and Sinking Fund on Bonds and Capital issued	11,880,485 50	11,880,319 50	11,880,506 75	187 25	..
Total	40,984,184 48	42,279,469 57	43,642,494 37	1,363,024 80 (increase.)	

[20284] No. 38.

British Suez Canal Directors to Sir Edward Grey.—(Received June 12.)

(No. 20. Commercial.)

Sir, *Paris, June* 3, 1908.

WE have the honour to report that the annual general meeting of the shareholders of the Suez Canal Company was held yesterday, and was presided over by the President, Prince d'Aehrenberg.

The Honourable Ronald Lindsay, of His Majesty's Embassy, was present as the Representative of the British Government, and acted as one of the scrutineers.

The Report, of which copies were inclosed in our despatch No. 17 of the 25th ultimo, having been read, the President made a short address, of which the text is herewith inclosed.

The following Resolutions were then put to the meeting, and, no ballot having been called for, were unanimously adopted :—

(*a.*) To approve the Report of the Council of Administration.
(*b.*) To approve the Auditor's Report.
(*c.*) To approve the dividend proposed by the Council.
(*d.*) To appoint the Auditors for the accounts of 1908.
(*e.*) To confirm the appointment of Sir William Garstin, G.C.M.G., in the place of the late Major-General Sir John Ardagh.
(*f.*) To elect four Administrators, whose term of office has expired and who present themselves for re-election—viz., Messrs. R. Alexander, J. Charles Roux, X. Charmes, and D. Pérousse.

The proceedings then terminated.

We have, &c.
(Signed) H. AUSTIN LEE.
H. T. ANSTRUTHER.
W. E. GARSTIN.

Inclosure in No. 38.

Extract from the "Bulletin Décadaire" of June 2–4, 1908.

Speech by Prince d'Aehrenberg at the Annual General Meeting of the Shareholders of the Suez Canal Company.

MESDAMES, Messieurs,—Avant de procéder au vote des différentes Résolutions que je vous soumettrai tout à l'heure, et avant de répondre aux questions qui pourraient m'être adresseés, je vous demande la permission d'ajouter quelques mots, quelques mots seulement, au Rapport que vous venez d'entendre.

Vous l'avez remarqué, les recettes de 1907 ont été les plus fortes qui aient jamais été enregistrées, elles ne sont comparables qu'à celles de 1904, et à cette époque la détaxe de 0·75 centimes n'était pas venue abaisser le prix du transit et la guerre Russo-Japonaise nous avait procuré des recettes extraordinaires.

En 1907, rien d'exceptionnel. C'est uniquement le mouvement commercial du monde entier qui nous a procuré nos belles recettes. Aux périodes de grande activité succède presque toujours une période de calme ; c'est ce qui se produit en ce moment. En 1907, il y avait des récoltes superbes dans les Indes. En 1908, ces récoltes sont mauvaises et, au lieu des bateaux que nous vous signalions l'année dernière, qui passaient sur l'est par le Canal pour aller chercher des cargaisons de blé ou de riz, nous constatons, au contraire, qu'il n'y a pas mal de navires qui restent désarmés dans les ports et que la construction navale a sensiblement diminué.

La diminution des recettes en 1908 n'a absolument rien d'effrayant, ni rien d'anormal, mais pourtant elle nous engage à être prudents quant il s'agit de la fixation du dividende.

Il est un principe auquel nous sommes restés fidèles depuis que nous avons l'honneur de gérer vos intérêts, et en plusieurs circonstances vous avez bien voulu approuver notre manière de procéder : nous nous efforçons de donner au revenu des valeurs de Suez une fixité inébranlable, fixité en ce sens que le revenu peut s'accroître, et s'accroîtra, mais qu'il ne diminuera pas. Il n'y a pas beaucoup de valeurs qui présentent autant de sécurité. Un journal financier—je le lisais dernièrement—a trouvé pour le dividende du Suez un mot que j'estime assez juste et assez joli ; il l'a appelé une "rente extensible." Je connais des rentes auxquelles on ne pourrait pas appliquer cette définition. (Applaudissements, rires.)

Qu'avons-nous à redouter dans l'avenir ? Il n'est plus question de cette légende du second canal ; elle a disparu. Le Chemin de Fer Trans-Sibérien et le Chemin de Fer de Bagdad ne peuvent qu'accentuer la rapidité du mouvement des échanges et, s'il nous échappe quelques voyageurs, il est certain que les marchandises préféreront toujours la voie de la mer. Le Canal de Panamá, je crois qu'il s'écoulera bien une dizaine d'années avant qu'il ne soit achevé, mais même alors la route la plus courte et la plus favorable entre l'Occident et l'Orient sera toujours celle du Canal de Suez.

Par conséquent, vous le voyez, nous sommes, nous pouvons le dire, certains que, grâce aux réserves que vous avez constituées, quoi qu'il arrive, votre dividende ne diminuera pas. Nous attendrons le jour où un nouvel essor des recettes nous permettra de l'augmenter, et cet essor se produira. La Chine commence seulement à s'ouvrir, elle a une population qui est plus forte que celle de l'Europe entière et les besoins de cette population augmenteront au fur et à mesure que les voies de pénétration s'amélioreront.

Enfin, les détaxes elles-mêmes ne sont pas à redouter. Vous savez très bien qu'il n'y en aura jamais avant que votre dividende n'ait été augmenté ; vous vous souvenez aussi que la détaxe de 0·50 centimes, en 1903, a été ratrappée en une année ; vous vous souvenez également que celle de 0·75 centimes, en 1906, a été ratrappée en moins de deux ans. Vous voyez que les détaxes ne sont pas bien redoutables.

Enfin, nos rapports avec les armateurs sont excellents ; nous n'avons pas attendu que la diplomatie établisse l'entente cordiale pour nous entendre cordialement avec nos clients et en particulier avec ceux dont les navires passent le plus fréquemment dans le Canal de Suez.

Nous nous efforçons en toutes circonstances de leur procurer tous les avantages qu'il nous est possible de leur accorder. Dès à présent des travaux sont entrepris et poussés avec activité. Les dimensions des navires augmentant de plus en plus, il faut que les dimensions du Canal augmentent en proportion. Comme vous le disait le Rapport, d'ici quatre ou cinq ans, j'espère que la profondeur du Canal aura atteint 11 mètres et que la largeur au plafond sera de 45 mètres ; tous les navires, même les plus considérables, pourront alors passer sans difficulté à travers le Canal de Suez.

Je ne terminerai pas sans rendre hommage à l'excellent personnel qui, depuis les employés les plus haut placés jusqu'aux plus modestes, se consacre avec un dévouement absolu à l'œuvre admirable de Ferdinand de Lesseps, et ma dernière parole sera celle-ci : vous pouvez diriger vos regards où vous voudrez, vous n'apercevrez que des sujets de satisfaction. (Applaudissements.)

[20719] No. 39.

British Suez Canal Directors to Sir Edward Grey.—(Received June 16.)

(No. 21. Commercial.)

Sir, *Paris, June* 13, 1908.

WE have the honour to transmit to you herewith a copy of a letter addressed to the Secretary of the Treasury by Sir Henry Austin Lee, Resident Director in Paris, with regard to the sums due for dividend and interest on the 1st July next, in respect of the Suez Canal shares belonging to His Majesty's Government.

We have, &c.
(For the British Directors),
(Signed) H. AUSTIN LEE.

Inclosure in No. 39.

Sir H. Lee to Treasury.

Paris, June 13, 1908.

Sir,

IN accordance with the instructions laid down in the Treasury Minute of the 13th December, 1894, I have the honour to inform you that the balance of dividend for 1907 due and payable on the 1st July next in respect of the 169,423 capital shares and 7,179 "actions de jouissance" of the Suez Canal Company held by His Majesty's Government will be 13,105,634 fr. 42 c.

To this will be added the half-year's interest on the capital shares only at 12 fr. 50 c. per share, amounting to 2,117,787 fr. 50 c.

The total sum receivable by His Majesty's Government will therefore be 15,223,421 fr. 92 c. made up as follows :—

	Fr.	c.
Balance of dividend for 1907 on 169,423 capital shares at 74 fr. 21 c. ..	12,572,880	83
" " " " 7,179 "actions de jouissance" at 74 fr. 21 c.	532,753	59
Half-year's interest for 1907 on 169,423 capital shares at 12 fr. 50 c. ..	2,117,787	50
Total	15,223,421	92

This amount will be remitted to Messrs. Rothschild of London, for payment to His Majesty's Government on the 1st July next, and I shall be glad to receive in due course the receipts in the form prescribed, which are herewith inclosed for your signature for transmission to the Suez Canal Company.

I am, &c.
(Signed) H. AUSTIN LEE.

[20720] No. 40.

British Suez Canal Directors to Sir Edward Grey.—(Received June 16.)

(No. 22. Commercial.)

Paris, June 13, 1908.

Sir,

WE have the honour to inform you that we have handed to the Suez Canal Company the batch of Suez Canal certificates of the "actions de jouissance," on which the coupons are exhausted, accompanying your despatch No. 10, Commercial, of the 11th instant, and we have received in exchange the fourth batch of new certificates, which are contained in the two packets accompanying this despatch.

We await the arrival in due course of the fifth batch to effect a similar exchange.

We have, &c.
(For the British Directors),
(Signed) H. AUSTIN LEE.

[20992] No. 41.

Board of Trade to Foreign Office.—(Received June 18.)

Board of Trade, June 17, 1908.

Sir,

WITH reference to your letter of the 18th October, 1906, on the subject of the representations made by the Australian Government respecting the desirability of reducing the dues charged on shipping using the Suez Canal, I am directed by the Board of Trade to transmit to you, for the information of Secretary Sir E. Grey, the accompanying copy of a communication from the Colonial Office, forwarding a copy of a despatch from the Governor-General of the Commonwealth of Australia, inclosing a copy of a communication from the Associated Chambers of Commerce of the Commonwealth, urging that the time has arrived for a reconsideration of this matter with a view to a further reduction in the Suez Canal dues.

The Board desire me to suggest, for Sir E. Grey's consideration, that the observations of the British Directors of the Suez Canal Company may be obtained on this communication.

I am, &c.
(Signed) WALTER J. HOWELL.

Inclosure 1 in No. 41.

Colonial Office to Board of Trade.

Downing Street, May 27, 1908.

Sir,

WITH reference to your letter of the 22nd October, 1906, I am directed by the Earl of Crewe to transmit to you, to be laid before the Board of Trade, the accompanying copy of a despatch from the Governor-General of the Commonwealth of Australia, inclosing a copy of a communication which has been addressed to his Prime Minister by the Associated Chambers of Commerce of the Commonwealth representing the desirability of a reduction of the dues charged on shipping using the Suez Canal.

Lord Crewe would be glad to receive any observations which the Board may desire to offer with regard to this despatch.

I am, &c.
(Signed) C. P. LUCAS.

Inclosure 2 in No. 41.

Governor-General Lord Northcote to the Earl of Crewe.

Commonwealth of Australia, Governor-General's Office, Melbourne, April 14, 1908.

My Lord,

REFERRING to your Lordship's despatch dated the 31st October, 1906, respecting the charges on shipping using the Suez Canal, I have the honour to transmit herewith copy of a communication addressed to my Prime Minister by the Associated Chambers of Commerce of the Commonwealth, in which it is suggested that the time has arrived when this matter should receive reconsideration with a view to a further reduction in the rate of charges.

In his Memorandum to me upon this matter, my Prime Minister states that "this question continues to excite considerable interest in Australia, where every step that tends to facilitate intercourse between the Commonwealth and Great Britain will be warmly welcomed."

I have, &c.
(Signed) NORTHCOTE.

Inclosure 3 in No. 41.

The Associated Chambers of Commerce of the Commonwealth of Australia to the Prime Minister, Melbourne.

Royal Exchange, Sydney, N.S.W., March 24, 1908.

Sir,

REFERRING to previous correspondence respecting Suez Canal dues, I shall be glad to hear if you have been able to make any material progress in your negotiations with the British Government for reduction of the dues charged on shipping making use of the Canal, as the matter is one of great importance to the producing interests of Australia, seeing the very high charges collected from cargo steamers renders it almost prohibitive for those vessels to use the Canal, when trading with Australia, notwithstanding the fact that the passage viâ Suez Canal would be considerably shorter and less boisterous than viâ Cape of Good Hope.

I find that the Canal Company has paid another high dividend to its shareholders, so that the British Government at the present time have received back their originally invested capital, plus 3½ per cent. interest, and, in addition thereto, have now received a sum of 7,654,000*l.*, at least three-fifths of which has been paid by British shipping.

Although it is a matter which you cannot well take up in your correspondence with the Imperial Government, yet it is a fact that a large section of British shipowners claim that the present London Committee of the Suez Canal Company does not contain an equitable representation of British shipping interests which make use of the Canal. The London Committee consists almost exclusively of what might be termed "mail line interests," which it is well known do not on many occasions see eye to eye with the owners of tonnage catering more particularly for cargo.

The commercial community of Australia appreciate the action you have taken in the past regarding the Canal charges, and hope that you will not lessen your efforts in endeavouring to secure a material reduction. I therefore hope that you may be able to communicate to me that some satisfactory progress has been made so that I can communicate same to the commercial community at our approaching meeting in Brisbane on the 19th May next.

I have, &c.
(Signed) J. MAITLAND PAXTON, *President.*

[31135] No. 42.

Colonial Office to Foreign Office.—(Received September 7.)

Downing Street, September 5, 1908.

Sir,

WITH reference to the letter from this Office to the Board of Trade of the 27th May (a copy of which has been forwarded to the Foreign Office from that Department), I am directed by the Earl of Crewe to transmit to you, to be laid before Secretary Sir Edward Grey, copy of a despatch from the Governor-General of the Commonwealth of Australia on the subject of the charges levied on shipping using the Suez Canal.

2. Lord Crewe is aware of the difficulties of meeting the wishes of the Government of the Commonwealth in this matter, but the question is one on which that Government and the Government of New Zealand hold very strong opinions, and his Lordship is anxious, if at all possible, to meet, to some extent at least, the desire which is widely felt in Australia and New Zealand for some reduction in the amount of the dues at present levied.

3. Lord Crewe would, therefore, be glad to know whether the observations of the British Directors of the Suez Canal Company have yet been received, and whether Sir Edward Grey sees any possibility of taking any steps towards a revision of the existing charges.

I am, &c.
(Signed) C. P. LUCAS.

Inclosure in No. 42.

Governor-General Lord Northcote to the Earl of Crewe.

Commonwealth of Australia, Adelaide, South Australia, July 22, 1908.

My Lord,

REFERRING to my despatch dated the 14th April last, on the subject of the charges on shipping using the Suez Canal, I now have the honour to inform your Lordship that the Prime Minister has invited my attention to the recently published Annual Report of the Suez Canal Company for 1907, which appears to my Ministers to afford further evidence that the time has arrived when the British Representatives on the Council might be instructed to urge a further reduction in the rates now charged. In a Memorandum to me upon the subject, the Prime Minister expresses the hope "that the Imperial authorities will be able to see their way to cause action in that direction to be taken at an early date."

I have, &c.
(Signed) NORTHCOTE.

[34655] No. 43.

British Suez Canal Directors to Sir Edward Grey.—(Received October 6.)

(No. 27. Commercial.)

Paris, October 5, 1908.

Sir,

WE have the honour to acknowledge the receipt of your despatch No. 12, Commercial, of the 11th July last, covering the letter of the Board of Trade of the 17th June, which incloses correspondence between the Governor-General of the Commonwealth of Australia and the Colonial Office on the subject of the transit dues charged by the Suez Canal Company.

After very careful consideration of the representations that Lord Northcote makes on behalf of his Ministers, and fully appreciating the importance attached to the question by the Chamber of Commerce of Australia, we have come to the conclusion that we cannot with advantage add anything on the merits of the case to the replies given to questions put to His Majesty's Ministers in the House of Commons in the course of the recent Session of Parliament.

We would, however, refer you to our despatch No. 21, Commercial, of the 31st August, 1906, which contains a full explanation of the basis upon which the present charges rest.

It would, in our opinion, be out of place for us to reply to the criticisms of the Australian Chamber of Commerce upon the composition of the London Committee of the Suez Canal Board, but we may remind you that, out of the seven Commercial Directors who compose that Committee, only two can at the present time be described as exclusively representing the "mail line interests," and that both of them are prominently connected with Companies running services of steamers to Australia, and are presumably, therefore, cognizant of the commercial conditions and requirements of the Commonwealth.

We may further observe that to many of the clients of the Canal Company the question of the dimensions of the Canal is quite as important as that of the charges imposed upon their ships. In this respect the interests of the "mail liners" and other owners of very large vessels are not altogether identical with those of the Companies owning the smaller vessels or of the so-called "tramps." For the former class of owners the steadily increasing draught and tonnage of their ships make the widening and deepening of the Canal a question so vital as to take precedence of every other, even of that of the rate of the transit dues. To the owners of the smaller types of passenger-steamers and cargo-vessels this question does not present itself in the same light. The actual width and depth of the Canal is sufficient for their present or even their future requirements. They are consequently free to exert their influence towards the reduction of the charges in their own interests, and this they therefore claim should be the first object of the Council of the Canal Company.

The Government of Australia is, however, aware, through your statements in the House of Commons, that this is not the view of the members of the Council of the Canal Company. They have, on the contrary, formed the opinion, on a careful estimate of the probable future of the ship-building industry, that their first duty is to provide adequate facilities for possible further developments of the Canal traffic, and, until such facilities have been provided, we do not anticipate that the shareholders of the Company will be willing to assent to any further diminution of their receipts by a reduction of the dues upon the demand of a portion only of the clients of the Canal.

Since the receipt of your above-mentioned despatch we have had an opportunity of perusing a copy of the Colonial Office letter of the 5th September, with the despatch of the 22nd July from the Governor-General of the Commonwealth. The Annual Report for 1907, which was submitted to the shareholders at their last general meeting, and upon which Lord Northcote's Ministers found their renewed claim for a reduced scale of charge, contains a full statement of the policy of increased capital expenditure to which we have above referred; and we may remind you that that Report was, after an exhaustive explanation by the President of the Company, unanimously adopted by the shareholders.

We have, &c.
(Signed) H. AUSTIN LEE.
H. T. ANSTRUTHER.
W. E. GARSTIN.

[39684] No. 44.

British Suez Canal Directors to Sir Edward Grey.—(Received November 14.)

(No. 28. Commercial.)

Paris, November 9, 1908.

Sir,

WE have the honour to report that at the meeting of the Council of the Suez Canal Company held this day the amount of the interim dividend on the

service of the year 1908 to be paid as at the 1st January next was fixed as follows:—

	Interest.	Dividend.	Taxation less.	Net.
	Fr. c.	Fr. c.	Fr. c.	Fr. c.
Capital shares	12 50	52 50	5 11·2	59 88·8
"Actions de Jouissance"	..	52 50	4 25·4	48 24·6
"Parts de Fondateurs"	..	29 57·7	2 17·7	27 40

The interest and dividend are equal in amount to those paid on the 1st January last.

We have, &c.
(For British Directors),
(Signed) H. T. ANSTRUTHER.

[41541] No. 45.

Colonial Office to Foreign Office.—(Received November 28.)

THE Under-Secretary of State for the Colonies presents his compliments to the Under-Secretary of State for Foreign Affairs, and is directed by the Secretary of State to transmit, for the information of Secretary Sir E. Grey, with reference to the letter from the Foreign Department of the 14th instant, a copy of a despatch to the Governor-General of Australia on the subject of the possibility of a reduction in the Suez Canal dues.

Copies have also been sent to the Marine Department of the Board of Trade and to the Governor of New Zealand.

Downing Street, November 27, 1908.

Inclosure in No. 45.

The Earl of Crewe to Governor-General the Earl of Dudley.

Downing Street, November 20, 1908.

My Lord,

WITH reference to my despatch of the 4th September, I have the honour to transmit to your Excellency, to be laid before your Ministers, the accompanying copy of a letter from the British Directors of the Suez Canal Company on the subject of the possibility of a reduction in the present dues charged by the Suez Canal Company.

2. It will be seen that the Directors of the Company advise that it is not possible to effect any reduction in the dues at present when steps are being taken to secure the widening and deepening of the canal.

3. His Majesty's Government have given their most careful consideration to the question, but they much regret that they do not see their way at present to obtain a reconsideration of the decision communicated to your Government in my predecessor's despatch of the 31st October, 1906.

I have, &c.
(Signed) CREWE.

[43659] No. 46.

British Suez Canal Directors to Sir Edward Grey.—(Received December 14.)

(No. 29. Commercial.)

Paris, December 10, 1908.

Sir,

IN our despatch No. 27, Commercial, of the 5th October last, we referred briefly to the Colonial Office letter to the Foreign Office of the 5th September last, in which

was inclosed that of the Governor-General of the Commonwealth of the 22nd July last.

In that letter the Prime Minister of Australia renewed his request for the Imperial Government's intervention in the interests of a reduced tariff for the transit of vessels through the Suez Canal, and referred to the Annual Report to the shareholders of the Canal Company, presented and adopted in June last.

The Prime Minister, in conclusion, expresses the hope "that the Imperial authorities will be able to see their way to cause action to be taken in that direction at an early date."

We respectfully submit that the reply of His Majesty's Government to this request should indicate clearly that any decision as to the rate of the transit dues must rest with the whole body of the shareholders of the Company, acting under the advice of the Council elected by themselves. We do not, however, anticipate that either the Council or the shareholders will at the present time favourably entertain the proposal put forward by the Government of the Commonwealth, even though it should receive the support of His Majesty's Government.

We had in view, in writing our recent despatch, the relations of the Managers of the Canal with their principal customers, rather than the question of the profits of the proprietors; and we endeavoured to show that it was the necessity of an early practical improvement of the Canal that had led the Council to decide against any reduction of the transit dues. Now that the Australian Government insists upon the question of the profits of the shareholders, it becomes our duty to offer the following further observations:—

It may at once be conceded that, from an outside point of view of the shareholders' position, a return of 141 fr. per share of the nominal value of 500 fr. (the equivalent of 28 per cent. on the face value) is a very high rate of profit. But it must not be assumed that the generality of the shareholders are in this fortunate position. Purchasers of the shares in recent years have only secured them at such a price in the market as to yield a return very little greater than that of the least speculative industrial securities in France. The higher rate of profit is enjoyed only by those who are the representatives of the original subscribers of the capital. It was they who in the first instance took the whole risk of the construction of the Canal, and who for many years had to be content with a very low rate of interest on their investment. In the earlier years of the Concession, during the construction of the Canal, the statutory interest of 5 per cent. was paid out of capital, and even then it was not always up to date.

As an illustration of these points we append a Table which has been prepared by the officials of the Company showing the amount of dividend and interest paid by the Company in each of the years from 1870 to 1907, and the average market value of the share in each year. These figures show that the average net revenue received by those who have been holders since the earlier date has been 79·035 fr. per annum, or an average of 15·8 per cent.

As the value of the shares in the market grew, the yield to the new purchaser sensibly diminished, and it may be seen from the Table that so early as the year 1874 the 5 per cent. statutory interest represented only a yield of 3·7 per cent. to the purchaser at the then price of 674 fr.

A closer investigation of the figures of more recent years, during which it may be assumed that, through lapse of time, the shares have changed ownership more frequently, shows that the yield to the purchaser has been a constantly diminishing factor, and that during the last seven years this figure has sunk from 3·63 per cent. in 1901 to 3·09 per cent. in 1907. We append a special Table (No. 2) to illustrate these statements.

We have the honour to submit the foregoing observations, in supplement to our recent despatch, and we trust that they will be found useful in replying to the representations of the Government of the Commonwealth.

We have, &c.
(Signed) H. AUSTIN LEE.
H. T. ANSTRUTHER.
W. E. GARSTIN.

Inclosure 1 in No. 46.

TABLE showing the Dividend and Interest paid by the Suez Canal Company in the years 1870–1907; and the Average Market Value of the Share of 500 fr.

Year.	Net Revenue per Share, Interest and Dividend.	Average Value of Share.
	Fr.	Fr.
1870	23·500	272·868
1871*	23·500	208·135
1872	23·500	355·133
1873	23·500	434·935
1874*	23·500	422·190
1875	24·92	674·052
1876	26·059	701·637
1877	30·292	677·879
1878	28·902	751·737
1879	28·048	724·401
1880	44·754	1,075·881
1881	65·769	1,975·955
1882	76·855	2,537·243
1883	83·136	2,372·017
1884	81·954	1,967·706
1885	80·642	2,035·397
1886	70·692	2,094·430
1887	73·442	2,011·049
1888	84·478	2,168·105
1889	85·894	2,296·098
1890	86·751	2,348·481
1891	105·50	2,660·641
1892	92·366	2,712·884
1893	90·373	2,674·018
1894	90·373	2,861·822
1895	92·50	3,249·107
1896	92·50	3,347·485
1897	90·50	3,233·975
1898	100·50	3,583·372
1899	108·50	3,620·957
1900	108·50	3,508·320
1901	125·50	3,713·677
1902	125·50	3,923·574
1903 .. .	130·50	3,904·702
1904	141·00	4,209·509
1905	141·00	4,461·140
1906	141·00	4,471·307
1907	141·00	4,552·315
Total ..	3,003·327	
Average ..	79·035 (or an average yield of 15·8 per cent.)	

* (1.) For the seven half-years as from July 1871 to July 1874 inclusive, the interest on the coupons was suspended, and a bond of the value of 85 fr. bearing interest at 5 per cent., was issued to the shareholders in exchange for the coupons.

(2.) Between the years 1867 and 1870 the statutory interest of 5 per cent. (less tax) was paid **out of capital.**

(3.) Between the years 1859, when the subscription was opened, and 1867, while, during construction, the capital was not fully-paid, interest at the same rate was paid **out of capital** on the proportion called-up.

Inclosure 2 in No. 46.

DIVIDENDS paid by the Suez Canal Company in the years 1901–7, and the yield to the Shareholder in relation to the market-value of the Share.

	1901.	1902.	1903.	1904.	1905.	1906.	1907.
	Fr. c.	Fr. c.	Fr. c.	Fr. c.	Fr. c.	Fr. c.	Fr. c.
Average value ..	3,713 00	3,923 00	3,904 00	4,209 00	4,461 00	4,471 00	4,552 00
Net revenue—							
1901	125 00	..	..	..	..	..	..
1902	125 00	125 00	..	..	..	..	..
1903	130 00	130 00	130 00	..	..	..	..
1904	141 00	141 00	141 00	141 00	..	..	..
1905	141 00	141 00	141 00	141 00	141 00	..	..
1906	141 00	141 00	141 00	141 00	141 00	141 00	..
1907	141 00	141 00	141 00	141 00	141 00	141 00	141 00
Total ..	944 00	819 00	694 00	564 00	423 00	282 00	141 00
Average	134 85	136 50	138 80	141 00	141 00	141 00	141 00
Yield	3·63 per cent.	3·47 per cent.	3·55 per cent.	3·34 per cent.	3·16 per cent.	3·15 per cent.	3·09 per cent.

[44491]

No. 47.

British Suez Canal Directors to Sir Edward Grey.—(Received December 21.)

(No. 32. Commercial.)

Sir,

Paris, December 20, 1908.

WE have the honour to report that the Budget for the service of the Canal for 1909 was submitted to the Council by the Finance Committee on the 7th instant, and was unanimously approved by the Council on the same date. We submit, for your information, the following observations on the estimated expenditure for the coming year:—

In our despatch No. 1, Commercial, of the 1st January last, we had the honour to refer to the main heads under which the extraordinary expenditure for the deepening and widening of the canal, as well as for the development of the harbour of Port Said, had been grouped in recent years, and we reminded you that the Finance Committee had recommended that these should in future become the subject of a special capital vote, and no longer included in the Budget, properly so-called, which contains the estimates of the revenue expenditure for the year.

As a great deal of public attention has been directed to the question of the enlargement of the Canal during the past year, and as special reference was made to it in the Annual Report, we desire to take special note of the amount of expenditure for this purpose, which the Council has now sanctioned for the coming year.

The estimate presented for these works, either arising out of special decisions of the Council in recent years or comprised in the general programme of improvements that has been already voted, is 14,481,700 fr., and this sum must be compared with a round sum of 13,000,000 sanctioned for the year that has expired. The actual increase is 1,473,556 fr. 46 c. In addition to this it is proposed, and power has been taken to spend a capital sum of 5,200,000 fr. as a consequence of a decision of the Council taken at its November meeting, to engage in the larger and more important work of securing a width of 45 metres (150 feet) at the base throughout, and a depth of 11 metres (36 feet).

It may be recalled that the capital votes of the "Budget Extraordinaire" in 1906 and 1907 were 5,629,500 fr. and 4,490,500 fr. respectively.

The Budget is divided into two sections: (A) Expenses of Management, under six heads, and (B) Loan Services. We append the customary tabulated statement analyzing the sums to be expended under the several heads, and comparing them with the figures of the previous year.

The total sum of the ordinary Budget is 29,670,800 fr., being an increase of 588,800 fr. over the total of last year.

(A.) Expenses of Management :—

1. *Central Administration.*—This amounts to 1,211,100 fr., an increase of 11,600 fr. over the original estimate for the previous year. This increase is mainly attributable to promotions and advances in salaries according to scale.

2. *Agency in Egypt.*—The amount of this estimate is 743,100 fr., and comprises the cost of the head agency, the cashiers' and accountants' branch in Egypt, and the legal advisers' and medical officers' salaries and expenses. This head shows an increase of 29,400 fr., as compared with the first estimate of 1908 of 713,700 fr., and of this increase 22,400 fr. is due to advances according to scale and 7,000 fr. to increased grants to the schools at Ismailia and Port Saïd.

A sub-head of the foregoing is the charge for the hospital of St. Vincent de Paul at Ismailia, which amounts to 142,200 fr., a reduction in the estimate of 7,400 fr.

3. *Transit and Navigation.*—The estimate for these expenses is 3,330,800 fr., as compared with that of 3,244,400 fr. in 1908, an increase of 86,400 fr. Increases under scale and higher prices of fuel and materials account for the growth of this estimate; and it must also be borne in mind that the services rendered by the Company to its customers are continually being improved, and that the policy of the management has been to afford the greatest possible facilities in this respect, a course which naturally tends to increase these items of expenditure.

4. *Maintenance.*—This expenditure is under the immediate control of the resident engineer of the Company. It is the most important of all the services. Its cost for the year 1909 is estimated at 7,600,000 fr., as against 7,288,000 fr. last year, or an increase of 312,000 fr. This sum includes the cost of stores, renewal and repairs of plant in the workshops, as well as the costs of the International Technical Commission, meeting each year in Paris, the last item having been transferred last year to this head of the Budget.

5. *Domain and Waterworks.*—There is an increase in this department of 174,800 fr., the amounts being 1,112,000 fr. for 1909 and 937,200 fr. for 1908.

The two largest items which go to make up this increase are (1) a sum of 139,100 fr. for the management and improvement of the private domain of the Company, including structural repairs and sanitary improvements of the dwellings and public lighting; and (2) a sum of 28,900 fr. for extra labour at the waterworks at Port Saïd, necessitated by the increasing number of customers and for the expenses of repairs to boilers, engines, tanks, and filters.

6. *Domaine commun.*—The administration of the Domaine commun, shared with the Egyptian Government, shows an estimate of expenditure by the Canal Company of 272,000 fr., a decrease of 11,100 fr. compared with the original estimate of 1908.

To summarize the foregoing heads of expenditure: the total expenses of administration and upkeep for 1909, as approved by the Council, amount to 14,411,200 fr., an increase of 595,700 fr. over the total estimate of 1908 for the same services of 13,815,500 fr.

(B.) *Loan Services.*—The service of the loans of the Company forms the second section of the Budget. These are estimated to amount to 15,259,600 fr. for the coming year, a slight reduction over the cost of the previous year, due to the normal operation of the sinking fund. The actual saving is 6,900 fr.

The further borrowing powers, a resort to which we foreshadowed in our despatch of this date last year, were obtained by the Company at its Annual Meeting. The terms on which the new loan is to be issued were settled by the Finance Committee during last year, but up to the present no issue has been made. The capital expenditure in the near future, to which we have referred, will more than absorb the powers that have been already sanctioned, and we understand that a resolution creating further borrowing powers will be submitted to the shareholders during the coming year.

We have, &c.
(Signed) H. AUSTIN LEE.
H. T. ANSTRUTHER.
W. E. GARSTIN.

Inclosure in No. 47.

COMPARATIVE Estimates of the Suez Canal Company for the Years 1908 and 1909.

Heads of Expenditure.	Original Estimates for 1908.	Final Estimates for 1908.	Votes for 1909.	Difference between (3) and (1).	
				Increase.	Decrease.
	(1)	(2)	(3)		
(A.) Expenses of Management—					
I. Central Administration ..	1,199,500	1,309,766	1,211,100	11,600	..
II. Agency in Egypt	863,300	935,300	885,300	22,000	..
III. Transit and Navigation ..	3,244,400	3,435,400	3,330,800	86,400	..
IV. Maintenance	7,288,000	8,438,816	7,600,000	312,000	..
V. Domain and Waterworks ..	937,200	1,337,672	1,112,000	174,800	..
VI. Domaine Commun.. ..	283,100	329,085	272,000	..	11,100
Total Expenses ..	13,815,500	15,786,039	14,411,200	595,700	..
(B.) Loan Services	15,266,500	15,266,500	15,259,600	..	6,900
Total Estimates ..	29,082,000	31,052,539	29,670,800	588,800	..